

Targeted amendments to Division 7A

- <https://www.ato.gov.au/General/New-legislation/In-detail/Other-topics/Targeted-amendments-to-Division-7A/>
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Targeted amendments to Division 7A

The Australian Government is now in caretaker. Announced measures that are not yet law will be subject to consideration by the incoming government. In these circumstances, you need to self-assess based on the current law. If you choose to anticipate new law in line with the announcement and it is not enacted, you may need to seek an amendment.

For more information, see [Administrative treatment of retrospective legislation](#).

As part of the 2016–17 Budget the Government announced targeted amendments to Division 7A. In the 2018–19 Budget the Government clarified that unpaid present entitlements come within the scope of Division 7A of the *Income Tax Assessment Act 1936*.

On 30 June 2020, the Government announced that the start date of these amendments (including those relating to unpaid present entitlements) will be deferred to income years commencing on or after the date of royal assent of the enabling legislation.

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Tax Integrity – further consultation on amendments to Division 7A

On 30 June 2020, the Government announced that the start date for the previous Budget announcements will be revised. They will now apply from income years

commencing on or after the date of royal assent of the enabling legislation.

Clarifying the operation of the Division 7A integrity rule

As part of the 2018–19 Budget, the Government announced it will further clarify the operation of the Division 7A integrity rule.

The changes will include:

- for unpaid present entitlements to come within the scope of Division 7A of the *Income Tax Assessment Act 1936*
- a deferral of the start date of the 2016–17 announced 'Targeted amendments to Division 7A'.

This will enable the Government to ensure that all Division 7A amendments will be progressed as part of a consolidated package.

Targeted amendments to Division 7A

In the 2016–17 Budget, the Government announced it will make targeted amendments to improve the operation and administration of Division 7A of the *Income Tax Assessment Act 1936* (Division 7A).

The amendments were to apply from 1 July 2019. However, they will now apply from income years commencing on or after the date of royal assent of the enabling legislation and will introduce:


- a self-correction mechanism to assist taxpayers to rectify inadvertent breaches of Division 7A promptly
- appropriate safe harbour rules to provide certainty and simplify compliance for taxpayers
- simplified rules regarding complying Division 7A loans, including in relation to loan duration and the minimum interest rate
- a number of technical amendments to improve the integrity and operation of Division 7A and provide increased certainty for taxpayers.

The proposed changes draw on a number of recommendations from the Board of Taxation's Post Implementation Review into Division 7A.

Treasury consultation

A [consultation paper](#)^{EQ} was released on 22 October 2018. Submissions closed on 21 November 2018.

See also:

- [Revised start date for technical superannuation and taxation measures](#)^{EQ}
- [2019–20 Budget Paper No.2](#)^{EQ} – Revenue Measures page 25
- [Consultation Targeted amendments to Division 7A](#)^{EQ}
- [2018–19 Budget Paper No.2 \(PDF 2.19MB\)](#)  – Tax Integrity measure page 41
- [Board of Taxation Post Implementation Review of Division 7A](#)^{EQ} – papers and

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